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MAY 16, 2017

2<sup>ND</sup> READING – ORDINANCE 8181  
AMENDING CHAPTER 3-16, “SUGAR-  
SWEETENED BEVERAGE PRODUCT  
DISTRIBUTION TAX”

## BACKGROUND

- Stakeholder engagement with distributors
- Policy issues identified:
  - Out of city distributors
  - Small retailers
  - Products distributed out of Boulder
  - Calculation of tax on syrups + powders

## ORDINANCE AMENDMENTS

- Clarification around the purchase of products from out of city distributors
- Clarification that products distributed outside of Boulder are not taxed
- Change in tax calculation method for syrups and powders

## CURRENT EXEMPTIONS

- Sweeteners sold separately to the consumer at a grocery store
- Milk products
- Baby formula
- Alcohol
- Drinks taken for medical reasons

## ADDITIONAL POSSIBLE EXEMPTIONS

- Cocktail drink mixers
- Small retailers
- Kombucha + other probiotic drinks
- Honey-sweetened beverages

## COCKTAIL DRINK MIXERS

- Shelf survey: all mixers exceeded the sugar threshold
- Ready to consume without further processing
- Some products state that they can be consumed as packaged

## SMALL RETAILERS

- Boulder has licensed approximately 100 small retailers (<\$100,000 in gross sales)
- Exemption type is difficult to administer
- Social equity implications

## KOMBUCHA + PROBIOTIC DRINKS

- Description of health benefits from local manufacturer + Kombucha Brewers International
- Sugar is an ingredient on the label and many flavors meet the sugar threshold



## HONEY-SWEETENED DRINKS

- Honey is composed of sugars (glucose and fructose)
- 20% is composed of other sugars that are more complex
- Higher calorie content than processed sugar

## KOMBUCHA + HONEY-SWEETENED DRINKS

- Potential issues with exemption
  - Could invite exemption requests by other types of products that claim to have health benefits
  - Could lead to a burdensome administrative process of evaluating health benefits

## SUGGESTED MOTION LANGUAGE

- Motion to adopt Ordinance 8181 amending Chapter 3-16, “Sugar Sweetened Beverage Product Distribution Tax,” B.R.C. 1981 related to the implementation of the Sugar Sweetened Beverage Tax and setting forth related details.